

CREDIT INVOLUNTARY UNEMPLOYMENT INSURANCE CHECKLIST FOR CODE 61

IDENTIFY POLICY
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FORM SUBMISSION

60A.08 Contracts Of Insurance

Subd 5 Signatures Required

The signatures may be facsimile signatures and may be placed in brackets [] designating a "variable" item.

61B.28 Minn Life & Health Guaranty Association

Subd 7 Notice Requirements Of Minn L & H Guaranty Association

The notice requirements of Chapter 61B apply to credit insurance.

62B.03 Types Of Credit Insurance Authorized

Only the forms of credit insurance as listed are authorized allowed.

◆ 62B.04 Amount Of Credit Life Insurance And Credit Accident And Health Insurance

Subd 4 Disclosure Requirements For Applications Or Enrollment Forms

62B.05 Terms Of Credit Insurance

62B.06 Provisions Of Policies And Certificates Of Insurance; Disclosure To Debtors

◆ Subd 2 Other Requirements Of Law Apply In Addition To Chapter 62B

62B.07 Regulation Of Rates And Forms

Subd 1 Filing Requirement

Checklist for Credit Unemployment Insurance Rate Filings

Minnesota Rules, part 2761.0400 Standard Benefit Plans states the following:

“Subpart 1. General standard. Benefits provided under credit involuntary unemployment insurance policies must be reasonable in relation to premiums charged. Premiums will be considered reasonable if they conform to the prima facie rates shown in part 2761.0700, or if a loss ratio of at least 50 percent is contemplated to be achieved.”

The following information is needed to allow the Commissioner to determine for each filed form whether the benefits are reasonable in relation to premiums

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charged. Note that premiums that conform to the prima facie rates will not be considered reasonable if there is credible information supporting an anticipated loss ratio less than 50% for those premiums.

1. The anticipated loss ratio, the anticipated expense ratio, the form's marketing name, and the financial institutions or other marketing channel through which it is to be offered.
2. For each form, document in detail how the anticipated loss ratio for each type of coverage sold was developed. For most forms, the claim levels will be similar for all unemployment insurance forms, with adjustment factors for benefit provisions such as the elimination period, the waiting period, and the length of the loan. The earned premiums and incurred claims for all credit unemployment insurance should be provided for the past five years, with breakdowns by benefit provision if necessary. Also provide a certification of the anticipated loss ratio by a qualified actuary who is a member of the American Academy of Actuaries, along with documentation of how the actuary calculated the anticipated loss ratio. If the anticipated loss ratio is less than 50%, provide the revised rates that can be anticipated to result in a loss ratio of 50% or more.
3. For each coverage type, document in detail the underwriting expenses including, but not limited to, claim adjustment expenses, general administrative expenses including costs for handling return premiums, compensation to agents, expense allowances to creditors, if any, branch and field expenses and other acquisition costs, the types of policies actually issued and authorized as defined in section 62B.03, clauses (1), (2), (3), (4), (5), and (6), and any and all other factors and trends demonstrated to be relevant. (Note that this language is directly from section 62B.07, subdivision 2.)
4. Provide detailed support for these expense factors by statistical information, experience, actuarial computations, or estimates certified by an executive officer of the insurer. Please provide estimates only when no supporting data can be developed.
5. For validation purposes, explain any differences between the information provided and the company's statutory annual financial statements.

62B.08 Premiums And Refunds

Bulletin 97-5 Applies

Minn Rule 2761.030 Policy Forms And Related Materials

Subp 2 A Lump Sum Benefit

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All such filings must include actuarial support that the submitted rates are equivalent to the rates as identified in the rules.

The subject of our review is to determine if the rate for the lump sum benefit is actuarially consistent with the prima facie rates currently in force. An insurer may file for approval of and use benefit plans that differ from the basic benefit plans in part 2761.0700. Rates for these plans that differ must be actuarially consistent with the prima facie rates then in force and must be filed with a supporting actuarial memorandum as required by part 2761.0300. Different benefit plans and the rates filed with those plans shall not be used until those forms and rates are approved by the commissioner.

◆ Subp 3 “Eligibility Statement” Required

Each policy or certificate must include a statement prominently displayed setting forth the following or its equivalent:

“Your eligibility for coverage may be dependent upon your being eligible to receive state reemployment benefits. A change in your employment may affect your eligibility for benefits. If you have any questions, contact your insurance company.”

To be considered prominently displayed, this statement must be in a typeface that is distinctive or bolder than the surrounding typeface, or be contained in a separately blocked portion surrounded by a distinctive border.

Minn Rule 2761.0400 Standard Benefit Plans

Requirements For Applications

As reflected in Subp 2 (B) and Subp 3 (B), the application must be included with the filing. The application may be used to screen the following individuals who are excluded from eligibility in the rule.

- Self-employed individuals, including independent contractors;
- Workers in seasonal or temporary jobs, defined as jobs designed to last six consecutive months or less;
- Individuals working for wages or salary for less than 30 hours a week; or
- Debtors who have been notified either orally or in writing of any layoff or of employment termination either by the effective date of coverage or within 90 days after the effective date.
- All such “eligibility requirements must be included in the application
- Exclusions should read as stated in the rules. Issues not listed in the rules as exclusions should be eliminated. The qualifications for

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coverage should be placed in that portion of the contract

Subp 2 (B) & Subp 3 (B) Eligibility Requirements Or Exclusions From Qualification For Coverage

Acceptable Exclusions. Only the enumerated exclusions as allowed by these provisions may be utilized.

It is acceptable for a policy to contain a coverage eligibility requirement that the Debtor must have been employed for at least 6 consecutive months prior to the effective date of coverage. The eligibility requirements are listed in the rules and no other variations were included. As stated above we find that the ONLY eligibility requirements that can be listed are those set forth in the rules and no other variations were included or are allowed. Eligibility requirements that require the applicant to have been employed for a period of more than 6 months must be eliminated. We have accepted a provision in the application or policy\certificate that states the following (as an exclusion from coverage): “workers in seasonal or temporary jobs, defined as jobs designed to last six consecutive months or less.”

Subp 2 (C) Coverage For A General Strike

Plans must include a disclosure in the eligibility statement that alerts the applicant that eligibility for coverage may be dependent upon being eligible to receive state unemployment benefits. Individuals who are on strike may not be covered since those on strike may not be eligible for unemployment compensation. Companies intending to provide such coverage must include language that will effectively provide coverage to those on strike.

Subp 2 (E) Open Ended Coverage - Including Credit Cards

Open-end credit vehicles, such as credit cards, may be charged a “monthly rate”.

All such filings must include actuarial support that the submitted rates are equivalent to the rates as identified in the rules.